

COUNTY COUNCIL
OF
HARFORD COUNTY, MARYLAND

BILL NO. 98-17

Introduced by Council President Parrott at the request of the County Executive

Legislative Session Day No. 98-10

Date: April 7, 1998

AN ORDINANCE to authorize and empower Harford County, Maryland (the "County") to borrow, on its full faith and credit, and issue and sell its bond or other form of indebtedness therefor, in an amount not to exceed Eight Hundred Fifty Thousand Dollars (\$850,000) principal amount, from the Maryland Industrial and Commercial Redevelopment Fund ("MICRF") pursuant to the provisions of Article 83A, Sections 5-801 through 5-807 of the Annotated Code of Maryland, 1995 Replacement Volume, 1997 Supplement (the "MICRF Act"), the proceeds thereof to be loaned to Rite Aid of Maryland, Inc., a Maryland corporation, and used by Rite Aid of Maryland, Inc. for the purchase and installation of certain equipment in a facility consisting of a 125 acre tract of land and improvements thereon at 601 Chelsea

By the Council, April 7, 1998

Introduced, read first time, ordered posted and public hearing scheduled

on: May 5, 1998

at: 6:00 p.m.

By Order: Mary Kate Herbig, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on May 5, 1998, and concluded on May 5, 1998.

Mary Kate Herbig, Acting Council Administrator

EXPLANATION:

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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Road, Perryman, Maryland, to be owned by Sumitomo Bank and leased to Rite Aid Corporation, a Delaware corporation, and subleased to Rite Aid of Maryland, Inc. which shall be used by Rite Aid of Maryland, Inc. as a warehouse, repacking and distribution facility (the "Project"), which is a portion of a project plan as described in Section 5-804 of the MICRF Act, in accordance with Section 524 of the Charter of Harford County ("Charter") or as otherwise permitted by law; fixing the interest rate on the loan from MICRF to Harford County, Maryland; fixing the interest rate on the loan from Harford County, Maryland to Rite Aid of Maryland, Inc.; providing for the security to the County for the loan to Rite Aid of Maryland, Inc. and the guaranty of said loan by Rite Aid Corporation; determining the maturity of the

By the Council, _____

Introduced, read first time, ordered posted and public hearing scheduled

on: _____

at: _____

By Order: _____, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on _____, and concluded on _____.

_____, Acting Council Administrator

EXPLANATION:

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

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loan to Rite Aid of Maryland, Inc.; authorizing the County Executive of Harford County, Maryland by Executive Order, to determine the manner by which the loan to Rite Aid of Maryland, Inc. may be secured, except that the loan is to be subordinate to a Sunny Day Loan to be made by the Department of Business and Economic Development of the State of Maryland in the amount of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000), and generally for such other matters as may be deemed appropriate, including, without limitation, the form of various documents as are necessary to implement the financing authorized herein, the manner of issuance and delivery of any evidences of indebtedness, the payment of all necessary expenses in connection therewith, the method by which such evidences of indebtedness shall be sold, maturity schedule, redemption provisions, authorizing the appointment of certain agents;

By the Council, _____

Introduced, read first time, ordered posted and public hearing scheduled

on: _____

at: _____

By Order: _____, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on _____, and concluded on _____.

_____, Acting Council Administrator

EXPLANATION:

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and otherwise generally relating to the issuance, sale, delivery and payment of any such evidences of indebtedness or financing obligations; providing that such indebtedness shall be issued upon the full faith and credit of Harford County, Maryland; providing for disbursement of the proceeds of the sale of evidences of indebtedness and for the levying of charges, assessments and all taxes necessary to provide payment of the principal of and interest thereon; providing that certain additional matters may be determined by executive order of the County Executive of the County.

By the Council, _____

Introduced, read first time, ordered posted and public hearing scheduled

on: _____

at: _____

By Order: _____, Acting Council Administrator

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on _____, and concluded on _____.

_____, Acting Council Administrator

EXPLANATION:

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [BRACKETS] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

1 WHEREAS, in accordance with the provisions of the MICRF Act, the Secretary of Business
2 and Economic Development of the State of Maryland is authorized to approve loans from MICRF
3 for certain eligible Project costs as defined in Section 5-801(c)(2) of the MICRF Act; and

4 WHEREAS, in accordance with Section 5-804 of the MICRF Act, the County Executive of
5 Harford County, Maryland has endorsed the Project plan; and

6 WHEREAS, the County Council of Harford County, Maryland has the authority to incur
7 debts on behalf of the County; and

8 WHEREAS, the County Council of Harford County, Maryland is hereby authorized to enact
9 an Ordinance adopted in accordance with Section 524 of the Charter of Harford County, Maryland
10 and other applicable provisions of law providing for the issuance and sale of indebtedness under this
11 Ordinance; and levy annually *ad valorem* taxes upon the assessable property within Harford County,
12 Maryland sufficient, together with other taxes and other available funds, to provide for the payment
13 of interest on and principal of any indebtedness so issued; and

14 WHEREAS, the loan authorized to be made by Harford County, Maryland to Rite Aid of
15 Maryland, Inc. shall be payable primarily from funds received and other security provided by Rite Aid
16 of Maryland, Inc. and guaranteed by Rite Aid Corporation; however, to the extent that the funds or
17 assets of Rite Aid of Maryland, Inc. are insufficient in any year to pay the principal of or interest on
18 the indebtedness incurred, Harford County, Maryland shall levy annually *ad valorem* taxes to pay the
19 principal and interest on such indebtedness; and

20 WHEREAS, the loan to be made by MICRF to Harford County, Maryland shall be upon the
21 full faith and credit and subject to the unlimited taxing power of Harford County, Maryland.

1 NOW, THEREFORE, in accordance with the provisions of the Charter and the Laws of the
2 State of Maryland:

3 SECTION 1. Be it enacted by the County Council of Harford County, Maryland that, acting
4 pursuant to the authority of the Charter, the MICRF Act and the laws of the State of Maryland,
5 Harford County, Maryland (the "County") hereby authorizes and approves the incurring of debt with
6 the Department of Business and Economic Development of the State of Maryland pursuant to the
7 MICRF Act to provide funds to be loaned by Harford County, Maryland to Rite Aid of Maryland,
8 Inc. to finance a portion of the costs of the Project, including the acquisition and installation of certain
9 necessary and useful machinery and equipment in a facility consisting of a tract of land containing
10 approximately 125 acres and improvements thereon at 601 Chelsea Road, Perryman, Maryland, to
11 be owned by Sumitomo Bank and leased to Rite Aid Corporation and subleased to Rite Aid of
12 Maryland, Inc. The principal amount of indebtedness to be incurred hereunder shall not exceed Eight
13 Hundred Fifty Thousand Dollars (\$850,000.00).

14 SECTION 2. And be it enacted by the County Council of Harford County, Maryland that
15 the loan to Rite Aid of Maryland, Inc. shall be secured by a security interest in such machinery and
16 equipment and shall be subordinate to a Sunny Day Loan by the Department of Business and
17 Economic Development of the State of Maryland in the amount of \$2,250,000.

18 SECTION 3. And be it enacted by the County Council of Harford County, Maryland that the
19 County Executive of Harford County, Maryland shall determine by Executive Order the principal
20 amount of such indebtedness, not to exceed Eight Hundred Fifty Thousand Dollars (\$850,000.00),

1 the security for the loan to Rite Aid of Maryland, Inc., the maturity schedule of such loan and other
2 matters deemed necessary or appropriate in connection with the loan to Rite Aid of Maryland, Inc.

3 SECTION 4. And be it enacted by the County Council of Harford County, Maryland that
4 authority is hereby conferred respectively on the County Executive of the County, the Director of
5 Administration, the Treasurer, the County Attorney, the Acting Council Administrator of the County
6 Council of Harford County, Maryland, or any of them, and they are hereby directed to take the
7 following actions on behalf of the County:

8 (a) to execute, acknowledge, seal and deliver the documents reflecting the loan
9 by the Department of Business and Economic Development of the State of Maryland to Harford
10 County, Maryland; and documents reflecting the loan by Harford County, Maryland to Rite Aid of
11 Maryland, Inc.; and

12 (b) to execute, acknowledge, seal and deliver such other and further certificates,
13 certifications, agreements, documents and instruments and take such other action as they or any one
14 or more of them may deem necessary or appropriate to consummate the transactions contemplated
15 by this Ordinance in accordance with the terms and provisions hereof and of any administrative
16 Resolution adopted by the County Council of Harford County, Maryland or Executive Order adopted
17 by the County Executive of Harford County, Maryland in furtherance of this Ordinance.

18 SECTION 5. And be it enacted by the County Council of Harford County, Maryland that the
19 County Executive is hereby authorized and empowered for and on behalf of the County (a) to cause
20 the preparation, printing, execution and delivery of all documents in connection with the loan from
21 the Department of Business and Economic Development to the County and the loan from the County

1 to Rite Aid of Maryland, Inc., substantially in the form attached hereto as Exhibit A, the Loan
2 Agreement between the Department of Business and Economic Development and the County, as
3 Exhibit B, the Promissory Note executed by the County in favor of the Department of Business and
4 Economic Development, as Exhibit C, the Loan Agreement between the County and Rite Aid of
5 Maryland, Inc., as Exhibit D, the Promissory Note from Rite Aid of Maryland, Inc. in favor of the
6 County, as Exhibit E, the Guaranty Agreement by Rite Aid Corporation in favor of the County, and
7 as Exhibit F, the Security Agreement from Rite of Maryland, Inc. in favor of the County, with such
8 modifications, supplements or amendments thereto as may be in the best interests of the County as
9 determined by the County Executive and recommended by counsel; and (b) to do all such things as
10 may be necessary or desirable in the opinion of the County Executive in connection therewith.

11 SECTION 6. And be it enacted by the County Council of Harford County, Maryland that the
12 indebtedness authorized to be incurred by the County and the loan to be made to Rite Aid of
13 Maryland, Inc. shall each have a maturity as provided in the form of Promissory Note attached hereto,
14 the maturity to be determined by Executive Order of the County Executive of Harford County,
15 Maryland.

16 SECTION 7. And be it enacted by the County Council of Harford County, Maryland that the
17 loan from MICRF to Harford County, Maryland shall bear interest at the rate of 4% on the unpaid
18 balance and the loan from Harford County, Maryland to Rite Aid of Maryland, Inc. shall bear interest
19 at the rate of 4% on the unpaid balance, or such other rate as may be determined by Executive Order
20 of the County Executive of the County.

21 SECTION 8. And be it enacted by the County Council of Harford County, Maryland that the
22 proceeds of the loan from MICRF shall be paid to the Department of the Treasury of Harford County,

1 Maryland and deposited into a special account of the County. The proceeds of the loan from MICRF
2 shall be expended only to finance the Project by a reloan to Rite Aid of Maryland, Inc. In the event,
3 the funds derived from the MICRF loan shall exceed the amount needed to finance the project, the
4 excess funds so borrowed and not expended by the County shall be applied by the County in Payment
5 of the next principal maturity of such indebtedness.

6 SECTION 9. And be it enacted by the County Council of Harford County, Maryland that to
7 the extent the payments and other funds received from Rite Aid of Maryland, Inc. and Rite Aid
8 Corporation are insufficient to pay the principal of, premium, if any, and interest on the indebtedness
9 represented by the MICRF loan to Harford County, Maryland, there is hereby levied and there shall
10 hereafter be levied in each fiscal year that the indebtedness is outstanding *ad valorem* taxes on real
11 and tangible personal property and intangible property subject to taxation by the County without
12 limitation on rate or amount; and, in addition, upon such other intangible property as may be subject
13 to taxation by the County within limitations prescribed by law, in an amount sufficient to together
14 with funds available from other sources, to pay the annual principal, premium, if any, and interest on
15 the outstanding indebtedness maturing during the next succeeding year; and the full faith and credit
16 and unlimited taxing power of the County hereby irrevocably pledged to be punctual payment of the
17 principal of and interest on the indebtedness or other indebtedness as and when its matures. By this
18 Ordinance, the County agrees to take all action that it may be legally authorized and empowered to
19 take in order to enforce, in any one year in which the indebtedness is outstanding, the guarantee of
20 such indebtedness by the County.

21 SECTION 10. And be it enacted by the County Council of Harford County, Maryland that
22 the County reasonably expects to reimburse all or a portion of the capital expenditures for the Project

1 with proceeds of the indebtedness and this Ordinance shall be available for public inspection at the
2 offices of the County during regular business hours and in accordance with the laws of the State of
3 Maryland and the County, regarding access to public records.

4 SECTION 11. And be it enacted by the County Council of Harford County, Maryland that
5 the provisions of this Ordinance are severable, and if any provision, sentence, clause, section or part
6 thereof is held illegal, invalid or unconstitutional or inapplicable to any person or circumstances, such
7 illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the
8 remaining provisions, sentences, clauses, sections or parts of this Ordinance or their application to
9 other persons or circumstances. It is hereby declared to be the legislative intent that this Ordinance
10 would have been passed if such illegal, invalid or unconstitutional provision, sentence, clause, section
11 or part had not been included herein, as if the person or circumstances to which this Ordinance or any
12 part hereof are inapplicable had been specifically exempted therefrom.

13 SECTION 12. And be it enacted by the County Council of Harford County, Maryland that
14 this Ordinance shall take effect sixty (60) calendar days from the date it becomes law.

15 EFFECTIVE: July 10, 1998

16 The Acting Council Administrator of the Council does
17 hereby certify that fifteen (15) copies of this Bill
18 are immediately available for distribution to the public
19 and the press.

20 
21 _____
22 Acting Council Administrator

HARFORD COUNTY BILL NO. 98-17(Brief Title) MICRF Loan - Rite aid Corporation

is herewith submitted to the County Council of Harford County for enrollment as being the text as finally passed.

CERTIFIED TRUE AND CORRECT

ENROLLED

Mary Kate Herbig
Acting Council Administrator

Loanne S. Carroll
President of the Council

Date May 5, 1998Date May 5, 1998

BY THE COUNCIL

Read the third time.

Passed: LSD 98-13 (May 5, 1998)

Failed of Passage: _____

By Order

Mary Kate Herbig
Acting Council Administrator

Sealed with the County Seal and presented to the County Executive for approval this 7th day of May, 1998 at 3:00 p. m.

Mary Kate Herbig
Acting Council Administrator

BY THE EXECUTIVE

Colin M. Behrman
COUNTY EXECUTIVE

APPROVED: Date May 11, 1998

BY THE COUNCIL

This Bill (No. 98-17), having been approved by the Executive and returned to the Council, becomes law on May 11, 1998.

Mary Kate Herbig
Acting Council Administrator

EFFECTIVE DATE: July 10, 1998